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BEFORE THE ARIZONA CORPORATION CO.

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

GARY PIERCE- Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY PROPERTY
OF THE COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN

DOCKET NO. E-01345A-11-0224

STAFF'S NOTICE OF FILING ERRATA

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") hereby provides Notice of Filing the following corrections to the Direct Testimony of Michael J. McGarry, Sr. filed on November 18, 2011: Errata Pages 23 and 24 of the Direct Testimony and Errata Schedules 1 through 3 of Exhibit MJM-3. Staff Witness McGarry inadvertently filed a working draft of Table 1 on page 24 of his Direct Testimony and made several rounding errors in his calculations in Schedules 1 through 3 of Exhibit MJM-3. The resulting corrections slightly change the total balance reflected in column (f) of Table 1 (from \$14,929 to \$15,211) and have no impact on the overall conclusions reached by Mr. McGarry.

RESPECTFULLY SUBMITTED this 19th day of December 2011.

Arizona Corporation Commission

DOCKETED

DEC 19 2011

DOCKETED BY

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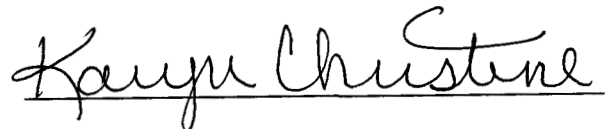
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1 **Q** **Is this a reasonable amount to assume for incentive purposes to promote prudent fuel**
2 **procurement practices?**

3 A. Yes. The roughly \$9 million in interest is only half the penalty paid by the Company
4 under the 90/10 sharing provision in 2006 and 2008, and only one third the penalty of
5 2007. Additionally, in 2010 under the 90/10 sharing provision, ratepayers were harmed
6 by having to give up \$14.5 million (10 percent of the Company's over collection). Had
7 my recommended interest incentive been in place, ratepayers would instead have received
8 \$9 million in interest.

9
10 **Q** **Have you calculated the impact for a period when there was an under collection?**

11 A. Yes.

12
13 **Q** **What was the result of that analysis?**

14 A. Table 1 on the following page shows the impact of my proposed methodology for the
15 three years 2008 through 2010. The Forward and Historical Tracking Accounts for 2008
16 revealed an under collection balance, while 2009 and 2010 were both years of over
17 collection of base fuel costs. Customers would have owed the Company ~~\$1.06~~142
18 million less in 2008 associated with the under collection of base fuel costs. Customers
19 would have been paid an additional ~~\$4.55~~7673 million and ~~\$9.41~~4396 million in 2009 and
20 2010, respectively, with the change in interest on the over collections in those two years.
21 Based on this illustration using my proposed methodology, customers would have
22 benefitted ~~\$15.02~~9211 million over the three years. Details of my calculations are
23 included as Exhibit ____ (MJM-3) Schedules 1 (2010), 2 (2008), and 3 (2009).
24

Table 1: Effect on PSA Balance with Proposed Interest Rates

Line No	Year	Federal Treasury Rate	APS Short- Term Debt	Difference	Approved ROE	Change to Collection
						Balance favoring Ratepayers
	(a)	(b)	(c)	(d)	(e)	(f)
1	2008	3.17%	2.24%	-0.0093	10.75%	\$1,061 1,142
2	2009	0.37%	1.09%	0.0072	10.75%	\$4,557 4,673
3	2010	0.45%	0.84%	0.0039	11.0%	\$9,311 9,396
4					Total	<u><u>\$14,929</u></u> 15,211

Q Is your recommendation concerning PSA interest rate being used in any other jurisdiction?

A. While I do not know how many jurisdictions are using this interest rate structure for their fuel cost trackers, I do know that it is being used for utilities with fuel cost trackers in Michigan.⁴⁶

Q Please summarize your recommendation involving the change in PSA application of interest.

A. To reflect more accurately the cost of money and to encourage the Company to minimize over collections, the interest applied monthly to PSA over and under collections should be done in the following manner: (1) for over collections, the interest rate applied should be the greater of the most recently Commission-approved rate of return on equity or the Company's average short-term borrowing rate available to the Company for the year, and (2) for under collections, the interest rate applied should be the lesser of the most recently Commission-approved rate of return on equity or the Company's average short-term borrowing rate available to the Company for the year.

⁴⁶ Michigan Compiled Laws (MCL) 460.6(j)(16).

Arizona Public Service
Analysis of Staff's Proposed Interest Rate Calculations
Monthly PSA Balance - 2010
(\$ in thousands)

CHART 1a: Based on January 28, 2011 PSA Report, p.6 of 7

Line No.	Description	Annual Interest Rate (b)	Change (c)	Jan (d)	Feb (e)	Mar (f)	Apr (g)	May (h)	Jun (i)	Jul (j)	Aug (k)	Sep (l)	Oct (m)	Nov (n)	Dec (p)	Total Interest (q)
(a) Forward Component Tracking Account																
1	Beginning Balance			\$ (66,586)	\$ (18,579)	\$ (29,171)	\$ (39,541)	\$ (49,700)	\$ (53,223)	\$ (49,996)	\$ (42,041)	\$ (28,828)	\$ (18,908)	\$ (23,132)	\$ (33,753)	
2	Xfers to 2009 Hist Comp Tracking Acct			\$ 66,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Monthly Interest Rate ¹	0.4521%	0.5069%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0422%	\$ 0.0422%	\$ 0.0422%	\$ 0.0422%	
4	Monthly Interest			\$ (15,420)	\$ (13,954)	\$ (13,853)	\$ (13,340)	\$ (6,751)	\$ (1,101)	\$ (2,649)	\$ 7,876	\$ 4,654	\$ (8,783)	\$ (13,958)	\$ (20,560)	
5	Post-Sharing (Over)/Under Collection			\$ 3,159	\$ (3,369)	\$ (3,494)	\$ (3,196)	\$ (3,247)	\$ (4,348)	\$ (5,324)	\$ (5,353)	\$ (5,278)	\$ (4,566)	\$ (3,345)	\$ (3,692)	
6	Collections			\$ (18,579)	\$ (29,171)	\$ (39,541)	\$ (49,700)	\$ (53,223)	\$ (49,996)	\$ (42,041)	\$ (28,828)	\$ (18,908)	\$ (23,132)	\$ (33,753)	\$ (50,635)	
7	Ending Balance with Interest			\$ (13,728)	\$ (78,090)	\$ (72,871)	\$ (68,087)	\$ (63,438)	\$ (58,427)	\$ (52,365)	\$ (44,557)	\$ (36,650)	\$ (28,912)	\$ (22,229)	\$ (16,909)	
(a) Historical Component Tracking Account																
8	Beginning Balance			\$ (66,586)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Xfers fr/ 2009 For Com Tracking Acct			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
10	Xfers fr/ Old PSA & Surcharge Accts			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	Monthly Interest Rate ¹	0.4521%	0.5069%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0377%	\$ 0.0422%	\$ 0.0422%	\$ 0.0422%	\$ 0.0422%	
12	Monthly Interest			\$ (30)	\$ (29)	\$ (27)	\$ (26)	\$ (24)	\$ (22)	\$ (20)	\$ (17)	\$ (14)	\$ (11)	\$ (8)	\$ (6)	
13	Collections			\$ (2,254)	\$ (5,249)	\$ (4,811)	\$ (4,675)	\$ (5,035)	\$ (6,084)	\$ (7,827)	\$ (7,924)	\$ (7,253)	\$ (6,694)	\$ (5,328)	\$ (5,121)	
14	Ending Balance with Interest			\$ (78,090)	\$ (72,871)	\$ (68,087)	\$ (63,438)	\$ (58,427)	\$ (52,365)	\$ (44,557)	\$ (36,650)	\$ (28,912)	\$ (22,229)	\$ (16,909)	\$ (11,794)	
15	Combined Balance			\$ (96,669)	\$ (102,042)	\$ (107,628)	\$ (113,138)	\$ (111,649)	\$ (102,360)	\$ (86,599)	\$ (65,479)	\$ (47,819)	\$ (25,360)	\$ (5,663)	\$ (62,429)	
16	Combined Monthly Interest			\$ (30)	\$ (36)	\$ (38)	\$ (41)	\$ (43)	\$ (42)	\$ (39)	\$ (33)	\$ (26)	\$ (18)	\$ (17)	\$ (19)	\$ (382)

CHART 1b: Based on Chart 1 above except interest recalculated at proposed rates

Line No.	Description	ROE Rate	Short Term Debt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Interest
Forward Component Tracking Account																
17	Beginning Balance			\$ (66,586)	\$ (18,579)	\$ (29,334)	\$ (39,962)	\$ (50,473)	\$ (54,439)	\$ (51,691)	\$ (44,192)	\$ (31,368)	\$ (21,724)	\$ (26,140)	\$ (36,992)	
18	Xfers to 2009 Hist Comp Tracking Acct			\$ 66,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Monthly Interest Rate ²	11.00%	0.84%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	
20	Monthly Interest			\$ (15,420)	\$ (13,954)	\$ (13,853)	\$ (13,340)	\$ (6,751)	\$ (1,101)	\$ 2,649	\$ 7,876	\$ 4,654	\$ (8,783)	\$ (13,958)	\$ (20,560)	
21	Post-Sharing (Over)/Under Collection			\$ 3,159	\$ (3,369)	\$ (3,494)	\$ (3,196)	\$ (3,247)	\$ (4,348)	\$ (5,324)	\$ (5,353)	\$ (5,278)	\$ (4,566)	\$ (3,345)	\$ (3,692)	
22	Collections			\$ (18,579)	\$ (29,334)	\$ (39,962)	\$ (50,473)	\$ (54,439)	\$ (51,691)	\$ (44,192)	\$ (31,368)	\$ (21,724)	\$ (26,140)	\$ (36,992)	\$ (54,200)	
23	Ending Balance with Interest			\$ (13,728)	\$ (78,796)	\$ (74,270)	\$ (70,139)	\$ (66,107)	\$ (61,678)	\$ (56,160)	\$ (48,847)	\$ (41,371)	\$ (33,997)	\$ (27,615)	\$ (22,540)	
Historical Component Tracking Account																
24	Beginning Balance			\$ (66,586)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
25	Xfers fr/ 2009 For Com Tracking Acct			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
26	Xfers fr/ Old PSA & Surcharge Accts			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
27	Monthly Interest Rate ²	11.00%	0.84%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	\$ 0.9167%	
28	Monthly Interest			\$ (736)	\$ (722)	\$ (681)	\$ (643)	\$ (606)	\$ (565)	\$ (515)	\$ (448)	\$ (379)	\$ (312)	\$ (253)	\$ (207)	
29	Collections			\$ (2,254)	\$ (5,249)	\$ (4,811)	\$ (4,675)	\$ (5,035)	\$ (6,084)	\$ (7,827)	\$ (7,924)	\$ (7,253)	\$ (6,694)	\$ (5,328)	\$ (5,121)	
30	Ending Balance with Interest			\$ (78,796)	\$ (74,270)	\$ (70,139)	\$ (66,107)	\$ (61,678)	\$ (56,160)	\$ (48,847)	\$ (41,371)	\$ (33,997)	\$ (27,615)	\$ (22,540)	\$ (17,626)	
31	Combined Balance			\$ (97,375)	\$ (103,604)	\$ (110,102)	\$ (116,580)	\$ (116,117)	\$ (107,851)	\$ (93,039)	\$ (72,739)	\$ (55,721)	\$ (33,755)	\$ (5,533)	\$ (71,825)	
32	Combined Monthly Interest			\$ (736)	\$ (893)	\$ (950)	\$ (1,009)	\$ (1,069)	\$ (1,064)	\$ (989)	\$ (853)	\$ (667)	\$ (511)	\$ (493)	\$ (546)	\$ (9,778)
33	Combined Monthly Interest			\$ (706)	\$ (856)	\$ (911)	\$ (969)	\$ (1,026)	\$ (1,022)	\$ (950)	\$ (820)	\$ (641)	\$ (493)	\$ (476)	\$ (526)	\$ (9,396)

¹ one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15

² Authorized Rate of Return on Equity or short term debt rate

Short term debt rate obtained from Company 10-Ks

Arizona Public Service
Analysis of Staff's Proposed Interest Rate Calculations
Monthly PSA Balance - 2008
(\$ in thousands)

CHART 2a: Based on December 31, 2008 PSA Report, p.11 of 12

Line No.	Description	(a)	(b)	Annual Interest Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Interest (q)
				(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Forward Component Tracking Account																	
1	Beginning Balance	\$ 40,010	\$ 43,023	\$ (9,663)	\$ (25,095)	\$ (33,695)	\$ (33,983)	\$ (9,300)	\$ 19,928	\$ 38,499	\$ 41,535	\$ 31,773	\$ 14,304				
2	Xfers to 2009 Hist Comp Tracking Acct	\$ -	\$ (43,023)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
3	Monthly Interest Rate ¹	0.3858%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%				
4	Monthly Interest	\$ 154	\$ -	\$ (26)	\$ (66)	\$ (89)	\$ (90)	\$ (25)	\$ 53	\$ 102	\$ 110	\$ 84	\$ 38				
5	Post-Sharing (Over)/Under Collection	\$ 2,858	\$ (3,720)	\$ (9,818)	\$ (2,844)	\$ 5,765	\$ 32,109	\$ 38,259	\$ 27,719	\$ 11,681	\$ (2,476)	\$ (11,341)	\$ (10,832)				
6	Collections	\$ -	\$ 5,942	\$ 5,588	\$ 5,690	\$ 5,964	\$ 7,337	\$ 9,008	\$ 9,200	\$ 8,746	\$ 7,396	\$ 6,212	\$ 5,958				
7	Ending Balance with Interest	\$ 43,022	\$ (9,662)	\$ (25,095)	\$ (33,695)	\$ (33,983)	\$ (9,301)	\$ 19,926	\$ 38,500	\$ 41,536	\$ 31,773	\$ 14,304	\$ (2,448)				
Historical Component Tracking Account																	
8	Beginning Balance	\$ -	\$ -	\$ 41,066	\$ 39,190	\$ 37,271	\$ 35,252	\$ 32,740	\$ 29,629	\$ 26,441	\$ 23,406	\$ 20,844	\$ 18,703				
9	Xfers fr/ 2009 For Com Tracking Acct	\$ -	\$ 43,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
10	Xfers fr/ Old PSA & Surcharge Accts	\$ -	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
11	Monthly Interest Rate ¹	0.1500%	0.1500%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%	0.2642%				
12	Monthly Interest	\$ -	\$ 65	\$ 108	\$ 104	\$ 98	\$ 93	\$ 86	\$ 78	\$ 70	\$ 62	\$ 55	\$ 49				
13	Collections	\$ -	\$ 2,146	\$ 1,984	\$ 2,023	\$ 2,117	\$ 2,605	\$ 3,198	\$ 3,266	\$ 3,105	\$ 2,624	\$ 2,196	\$ 2,125				
14	Ending Balance with Interest	\$ -	\$ 41,066	\$ 39,190	\$ 37,271	\$ 35,252	\$ 32,740	\$ 29,629	\$ 26,441	\$ 23,406	\$ 20,844	\$ 18,703	\$ 16,627				
15	Combined Balance	\$ 43,022	\$ 31,404	\$ 14,096	\$ 3,575	\$ 1,269	\$ 23,440	\$ 49,555	\$ 64,941	\$ 64,942	\$ 52,616	\$ 33,007	\$ 14,179				
16	Combined Monthly Interest	\$ 154	\$ 65	\$ 83	\$ 37	\$ 9	\$ 3	\$ 62	\$ 131	\$ 172	\$ 172	\$ 139	\$ 87				TOTAL INT \$ 1,114

CHART 2b: Based on Chart 1 above except Interest recalculated at proposed rates

Line No.	Description	ROE	Short Term	Term Debt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Interest
Forward Component Tracking Account																	
17	Beginning Balance				\$ 40,010	\$ 42,943	\$ (9,662)	\$ (25,155)	\$ (33,914)	\$ (34,417)	\$ (9,953)	\$ 19,208	\$ 37,763	\$ 40,769	\$ 30,973	\$ 13,478	
18	Xfers to 2009 Hist Comp Tracking Acct				\$ -	\$ (42,943)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Monthly Interest Rate ²	10.75%	2.24%		0.1867%	0.1867%	0.8958%	0.8958%	0.8958%	0.8958%	0.8958%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	
20	Monthly Interest				\$ 75	\$ (0)	\$ (87)	\$ (225)	\$ (304)	\$ (308)	\$ (89)	\$ 36	\$ 70	\$ 76	\$ 58	\$ 25	
21	Post-Sharing (Over)/Under Collection				\$ 2,858	\$ (3,720)	\$ (9,818)	\$ (2,844)	\$ 5,765	\$ 32,109	\$ 38,259	\$ 27,719	\$ 11,681	\$ (2,476)	\$ (11,341)	\$ (10,832)	
22	Collections				\$ -	\$ 5,942	\$ 5,588	\$ 5,690	\$ 5,964	\$ 7,337	\$ 9,008	\$ 9,200	\$ 8,746	\$ 7,396	\$ 6,212	\$ 5,958	
23	Ending Balance with Interest				\$ 42,943	\$ (9,662)	\$ (25,155)	\$ (33,914)	\$ (34,417)	\$ (9,953)	\$ 19,208	\$ 37,763	\$ 40,769	\$ 30,973	\$ 13,478	\$ (3,287)	
Historical Component Tracking Account																	
24	Beginning Balance				\$ -	\$ -	\$ 41,001	\$ 39,094	\$ 37,144	\$ 35,096	\$ 32,557	\$ 29,420	\$ 26,208	\$ 23,152	\$ 20,572	\$ 18,414	
25	Xfers fr/ 2009 For Com Tracking Acct				\$ -	\$ 42,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
26	Xfers fr/ Old PSA & Surcharge Accts				\$ -	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
27	Monthly Interest Rate ²	10.75%	2.24%		0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	0.1867%	
28	Monthly Interest				\$ -	\$ 80	\$ 77	\$ 73	\$ 69	\$ 66	\$ 61	\$ 55	\$ 49	\$ 43	\$ 38	\$ 34	
29	Collections				\$ -	\$ 2,146	\$ 1,984	\$ 2,023	\$ 2,117	\$ 2,605	\$ 3,198	\$ 3,266	\$ 3,105	\$ 2,624	\$ 2,196	\$ 2,125	
30	Ending Balance with Interest				\$ -	\$ 41,001	\$ 39,094	\$ 37,144	\$ 35,096	\$ 32,557	\$ 29,420	\$ 26,208	\$ 23,152	\$ 20,572	\$ 18,414	\$ 16,323	
31	Combined Balance				\$ 42,943	\$ 31,339	\$ 13,939	\$ 3,230	\$ 679	\$ 22,603	\$ 48,628	\$ 63,972	\$ 63,921	\$ 51,545	\$ 31,892	\$ 13,036	TOTAL INT
32	Combined Monthly Interest				\$ 75	\$ 80	\$ (10)	\$ (152)	\$ (234)	\$ (243)	\$ (28)	\$ 91	\$ 119	\$ 119	\$ 96	\$ 60	
					\$ (80)	\$ 16	\$ (93)	\$ (190)	\$ (244)	\$ (246)	\$ (90)	\$ (40)	\$ (52)	\$ (52)	\$ (43)	\$ (28)	\$ (1,142)
																	\$ (1,142)

¹ one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15

² Authorized Rate of Return on Equity or short term debt rate

Short term debt rate obtained from Company 10-Ks

Arizona Public Service
Analysis of Staff's Proposed Interest Rate Calculations
Monthly PSA Balance - 2009
(\$ in thousands)

CHART 3a: Based on December 31, 2009 PSA Report, p.10 of 11

Line No.	Description	Annual Interest Rate (a)	Change (b)	Jan (c)	Feb (d)	Mar (e)	Apr (f)	May (g)	Jun (h)	Jul (i)	Aug (j)	Sep (k)	Oct (l)	Nov (m)	Dec (n)	Total Interest (o)
Forward Component Tracking Account																
1	Beginning Balance			\$ (2,448)	\$ (19,888)	\$ (19,411)	\$ (19,411)	\$ (35,723)	\$ (45,937)	\$ (49,262)	\$ (53,551)	\$ (42,253)	\$ (35,332)	\$ (40,162)	\$ (44,412)	\$ (51,203)
2	Xfers to 2009 Hist Comp Tracking Acct			\$ -	\$ 19,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Monthly Interest Rate ¹	0.3700%		\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%
4	Monthly Interest			\$ (1)	\$ 0	\$ (6)	\$ (11)	\$ (15)	\$ (15)	\$ (16)	\$ (18)	\$ (14)	\$ (12)	\$ (13)	\$ (15)	\$ (17)
5	Post-Sharing (Over)/Under Collection			\$ (11,306)	\$ (9,699)	\$ (6,987)	\$ (1,077)	\$ 7,685	\$ 8,373	\$ 26,421	\$ 22,609	\$ 10,078	\$ 7,537	\$ 2,740	\$ 2,740	\$ (5,285)
6	Collections			\$ 6,133	\$ 9,712	\$ 9,319	\$ 9,126	\$ 10,995	\$ 12,646	\$ 15,105	\$ 15,674	\$ 14,896	\$ 11,774	\$ 9,516	\$ 10,079	\$ 10,079
7	Ending Balance with Interest			\$ (19,888)	\$ (19,411)	\$ (35,723)	\$ (45,937)	\$ (49,262)	\$ (53,551)	\$ (42,253)	\$ (35,332)	\$ (40,162)	\$ (44,412)	\$ (51,203)	\$ (51,203)	\$ (66,584)
Historical Component Tracking Account																
8	Beginning Balance			\$ 16,627	\$ 14,458	\$ (7,544)	\$ (7,544)	\$ (7,825)	\$ (8,488)	\$ (9,053)	\$ (9,692)	\$ (10,499)	\$ (11,293)	\$ (12,085)	\$ (12,704)	\$ (13,216)
9	Xfers to 2009 For Comp Tracking Acct			\$ -	\$ (19,888)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Xfers to Old PSA & Surcharge Accts			\$ -	\$ (1,607)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Monthly Interest Rate ¹	0.3700%		\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%	\$ 0.0308%
12	Monthly Interest			\$ 6	\$ (2)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (4)	\$ (4)	\$ (4)	\$ (4)
13	Collections			\$ 2,175	\$ 505	\$ 278	\$ 660	\$ 562	\$ 636	\$ 804	\$ 791	\$ 788	\$ 615	\$ 509	\$ 509	\$ 507
14	Ending Balance with Interest			\$ 14,458	\$ (7,544)	\$ (7,825)	\$ (8,488)	\$ (9,053)	\$ (9,692)	\$ (10,499)	\$ (11,293)	\$ (12,085)	\$ (12,704)	\$ (13,216)	\$ (13,216)	\$ (13,728)
15	Combined Balance			\$ (5,430)	\$ (26,955)	\$ (43,548)	\$ (54,425)	\$ (58,315)	\$ (63,242)	\$ (63,242)	\$ (52,751)	\$ (46,625)	\$ (32,247)	\$ (17,115)	\$ (6,419)	\$ (80,311)
16	Combined Monthly Interest			\$ 5	\$ (2)	\$ (9)	\$ (14)	\$ (18)	\$ (19)	\$ (19)	\$ (21)	\$ (17)	\$ (16)	\$ (17)	\$ (19)	\$ (21)
TOTAL INT																

CHART 3b: Based on Chart 1 above except Interest recalculated at proposed rates

Line No.	Description	ROE	Short Term Int Rate	Debt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Interest
Forward Component Tracking Account																	
17	Beginning Balance				\$ (2,448)	\$ (19,909)	\$ (19,411)	\$ (35,891)	\$ (46,415)	\$ (50,141)	\$ (54,863)	\$ (44,039)	\$ (37,498)	\$ (42,652)	\$ (47,271)	\$ (54,471)	\$ (54,471)
18	Xfers to 2009 Hist Comp Tracking Acct				\$ -	\$ 19,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Monthly Interest Rate ²	10.75%			\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%
20	Monthly Interest				\$ (22)	\$ -	\$ (174)	\$ (322)	\$ (416)	\$ (449)	\$ (491)	\$ (395)	\$ (336)	\$ (382)	\$ (423)	\$ (488)	\$ (488)
21	Post-Sharing (Over)/Under Collection				\$ (11,306)	\$ (9,699)	\$ (6,987)	\$ (1,077)	\$ 7,685	\$ 8,373	\$ 26,421	\$ 22,609	\$ 10,078	\$ 7,537	\$ 2,740	\$ 2,740	\$ (5,285)
22	Collections				\$ 6,133	\$ 9,712	\$ 9,319	\$ 9,126	\$ 10,995	\$ 12,646	\$ 15,105	\$ 15,674	\$ 14,896	\$ 11,774	\$ 9,516	\$ 10,079	\$ 10,079
23	Ending Balance with Interest				\$ (19,909)	\$ (19,411)	\$ (35,891)	\$ (46,415)	\$ (50,141)	\$ (54,863)	\$ (44,039)	\$ (37,498)	\$ (42,652)	\$ (47,271)	\$ (54,471)	\$ (54,471)	\$ (70,323)
Historical Component Tracking Account																	
24	Beginning Balance				\$ 16,627	\$ 14,467	\$ (7,560)	\$ (7,906)	\$ (8,637)	\$ (9,276)	\$ (9,995)	\$ (10,889)	\$ (11,777)	\$ (12,671)	\$ (13,399)	\$ (14,028)	\$ (14,028)
25	Xfers to 2009 For Comp Tracking Acct				\$ -	\$ (19,909)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Xfers to Old PSA & Surcharge Accts				\$ -	\$ (1,607)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Monthly Interest Rate ²	10.75%			\$ 0.0908%	\$ 0.0908%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%	\$ 0.8958%
28	Monthly Interest				\$ 15	\$ (6)	\$ (68)	\$ (71)	\$ (77)	\$ (83)	\$ (90)	\$ (98)	\$ (106)	\$ (114)	\$ (120)	\$ (126)	\$ (126)
29	Collections				\$ 2,175	\$ 505	\$ 278	\$ 660	\$ 562	\$ 636	\$ 804	\$ 791	\$ 788	\$ 615	\$ 509	\$ 509	\$ 507
30	Ending Balance with Interest				\$ 14,467	\$ (7,560)	\$ (7,906)	\$ (8,637)	\$ (9,276)	\$ (9,995)	\$ (10,889)	\$ (11,777)	\$ (12,671)	\$ (13,399)	\$ (14,028)	\$ (14,028)	\$ (14,661)
31	Combined Balance				\$ (5,442)	\$ (26,971)	\$ (43,797)	\$ (55,052)	\$ (59,417)	\$ (64,859)	\$ (64,859)	\$ (49,276)	\$ (35,323)	\$ (20,671)	\$ (6,499)	\$ (84,984)	\$ (84,984)
32	Combined Monthly Interest				\$ 7	\$ (6)	\$ (242)	\$ (392)	\$ (493)	\$ (532)	\$ (581)	\$ (492)	\$ (441)	\$ (496)	\$ (544)	\$ (614)	\$ (4,840)
33	Combined Monthly Interest				\$ (12)	\$ (4)	\$ (233)	\$ (378)	\$ (476)	\$ (513)	\$ (560)	\$ (475)	\$ (425)	\$ (479)	\$ (525)	\$ (593)	\$ (4,673)

¹ one-year Nominal Treasury Constant Maturity rate contained in the Federal Reserve Statistical Release H-15
² Authorized Rate of Return on Equity or short term debt rate
Short term debt rate obtained from Company 10-Ks